

MEETING NUMBER 3080

JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, FEBRUARY 25, 2016
9:00 A.M.

IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS
ONE DETROIT CENTER, 500 WOODWARD AVENUE, SUITE 3000, DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

ANGELA R. JAMES	EX/OFFICIO RETIRANT TRUSTEE/POLICE/MAYORAL DESIGNEE
JOHN NAGLICK	EX/OFFICIO TRUSTEE/FINANCE DIRECTOR
SEAN P. NEARY	ELECTED TRUSTEE/FIRE
JEFFREY PEGG	ELECTED TRUSTEE/FIRE/CHAIRPERSON
PORTIA ROBERSON	EX/OFFICIO TRUSTEE/ALTERNATE-HONORABLE MAYOR/VICE CHAIRPERSON
JOHN SERDA	ELECTED TRUSTEE/POLICE
DAVID SZYMANSKI	EX/OFFICIO TRUSTEE/TREASURER
TRACY THOMAS	ELECTED TRUSTEE/FIRE

TRUSTEES EXCUSED

JUNE ADAMS	EX/OFFICIO TRUSTEE/ALTERNATE-CORPORATION COUNSEL
MARK DIAZ	ELECTED TRUSTEE/POLICE
MATTHEW GNATEK	ELECTED TRUSTEE/POLICE
BRENDA JONES	EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT
PAMELA SCALES	EX/OFFICIO TRUSTEE/BUDGET DIRECTOR
GREGORY TROZAK	ELECTED RETIRANT TRUSTEE/POLICE
JOHN G. TUCKER	ELECTED RETIRANT TRUSTEE/FIRE

TRUSTEES ABSENT

NONE

STAFF PRESENT

CYNTHIA A. THOMAS	EXECUTIVE DIRECTOR
DAVID CETLINSKI	ASSISTANT EXECUTIVE DIRECTOR
MICHAEL KRUSHENA	INVESTMENT OFFICER
RONALD A. KING	GENERAL COUNSEL
JANET S. LENEAR	RECORDING SECRETARY

STAFF EXCUSED

RYAN C. BIGELOW CHIEF INVESTMENT OFFICER

STAFF ABSENT

NONE

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CHAIRPERSON

JEFFREY PEGG

VICE CHAIRPERSON

PORTIA ROBERSON

FOLLOWING A VERBAL ROLL CALL, CHAIRPERSON **PEGG** CALLED THE MEETING TO ORDER AT **9:31 A.M.**

FEBRUARY 25, 2016 AGENDA APPROVAL

BY TRUSTEE NEARY – SUPPORTED BY TRUSTEE ROBERSON

RESOLVED, THAT TODAY'S **FEBRUARY 25, 2016** AGENDA BE APPROVED AS PREPARED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI, THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

DROP APPLICATIONS

BY TRUSTEE THOMAS – SUPPORTED BY TRUSTEE SERDA

RESOLVED, THAT THE **DROP APPLICATIONS** WHICH ARE DESIGNATED BELOW BE APPROVED:

DROP APPLICATIONS

NAME, TITLE, DEPARTMENT: PHILLIP D. COOK – OFFICER - POLICE
RETIREMENT TYPE, PLAN: DROP - NEW
SERVICE CREDIT, EFFECTIVE DATE: 18 06 23 – 01 14 16

NAME, TITLE, DEPARTMENT: COLUMBUS SYKES, III – SERGEANT - POLICE
RETIREMENT TYPE, PLAN: DROP - NEW
SERVICE CREDIT, EFFECTIVE DATE: 23 11 21 – 02 02 16

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CONTINUATION OF DROP APPLICATIONS

DROP APPLICATIONS - CONTINUED

NAME, TITLE, DEPARTMENT: VAUGHN B. THORNTON – CORPORAL - POLICE
RETIREMENT TYPE, PLAN: DROP - NEW
SERVICE CREDIT, EFFECTIVE DATE: 20 00 11 – 11 30 15

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

RETIREMENT APPLICATIONS

BY TRUSTEE SZYMANSKI – SUPPORTED BY TRUSTEE SERDA

RESOLVED, THAT THE **RETIREMENT (SERVICE) APPLICATIONS** WHICH ARE OUTLINED BELOW BE APPROVED:

RETIREMENT APPLICATIONS

NAME, TITLE, DEPARTMENT: GEORGE H. CHESTER – CORPORAL - POLICE
RETIREMENT TYPE, PLAN: SERVICE - NEW
SERVICE CREDIT, EFFECTIVE DATE: 21 06 23 – 02 09 16

NAME, TITLE, DEPARTMENT: RONALD L. WARD – SERGEANT - FIRE
RETIREMENT TYPE, PLAN: SERVICE - NEW
SERVICE CREDIT, EFFECTIVE DATE: 23 03 20 – 03 13 16

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

RECEIPTS

THE **RECEIPTS** WHICH FOLLOW WERE ACKNOWLEDGED BY THE BOARD:

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CONTINUATION OF RECEIPTS

RECEIPTS

The Police & Fire Retirement System of the City of Detroit			
Receipts for Acknowledgement			
2/8/16-2/19/16			
REMITTER	WIRE DATE	DESCRIPTION	AMOUNT
American Realty Advisors	02/12/16	Distribution	185,297.89
Behringer Harvard REIT	02/16/16	Distribution	31,745.88
Nob Hill	02/16/16	Distribution	31,538.95
ALEX BROWN RLTY - LAFER	02/12/16	Distribution	16,916.10
Mesirow Arbitrage	02/19/16	Distribution	60,772.89
RACINE & ASSOCIATES	02/12/16	Settlement Proceeds - DPF v Paramount	43,033.00
RACINE & ASSOCIATES	02/12/16	Settlement Proceeds - DPF v Paramount	3,000.00
FIRST INDEPENDENCE BANK	02/08/16	Loan Deductions	40,054.49
FIRST INDEPENDENCE BANK	02/16/16	Loan Deductions	135,202.17
CITY OF DETROIT	02/08/16	Weekly Mandatory Employee Contribution	229,690.23
CITY OF DETROIT	02/08/16	Weekly Annuity Contribution	3,628.98
CITY OF DETROIT	02/16/16	Weekly Mandatory Employee Contribution	79,591.33
CITY OF DETROIT	02/16/16	Weekly Annuity Contribution	841.52
		TOTAL RECEIPTS	\$ 861,313.43

DISBURSEMENTS

BY TRUSTEE THOMAS – SUPPORTED BY TRUSTEE NEARY

RESOLVED, THAT THE **DISBURSEMENTS** WHICH ARE REFERENCED BELOW BE APPROVED:

The Police & Fire Retirement System of the City of Detroit			
Disbursements for Approval			
2/8/16-2/19/16			
PAYEE NAME		DESCRIPTION	AMOUNT
DISBURSEMENTS			
Annuity Refunds		Refund List # 3621	335,130.37
Checkwrite		Capital Calls, Legal, Administrative & Misc. Expenses	0.00
Loan Program		Loan Funding: Meeting No. 3079	25,962.00
		TOTAL DISBURSEMENTS	\$ 361,092.37

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CONTINUATION OF DISBURSEMENTS

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
LIST OF DISBURSEMENTS FOR BOARD APPROVAL
FOR FEBRUARY 25, 2016

PAYEE	DATE	INVOICE NO	DESCRIPTION	AMOUNT
CAPITAL CALLS:				
STEWARD REAL ESTATE MANAGEMENT, LLC	2/23/2016		Management Fees/Legal Fees: Due 3/8/16	\$47,351.52
Subtotal				\$47,351.52
MANAGEMENT FEES:				
BAIRD ADVISORS	1/22/2016	BA154Q2314	Management Fees - 4th Qtr '15	\$55,469.74
GUGGENHEIM PARTNERS	1/26/2016	4Q15	Management Fees - 4th Qtr '15	\$76,966.89
GUGGENHEIM PARTNERS	10/19/2015	3Q15	Management Fees - 3rd Qtr '15	\$77,962.42
PAYDEN & RYGEL	2/12/2016	1612-M116	Management Fees - 1/1/16-1/31/16	\$10,538.00
PAYDEN & RYGEL	2/12/2016	1613-M116	Management Fees - 1/1/16-1/31/16	\$7,544.00
QUANTUM CAPITAL MANAGEMENT	2/22/2016	4Q15	Management Fees - 4th Qtr '15	\$16,314.56
Subtotal				\$244,795.63
ADMINISTRATIVE EXPENSES:				
500 WEBWARD LLC	2/1/2016	11140	Base Rent & CAM Estimate - February 2016	\$20,669.85
ADP, INC	2/5/2016	468356983	Check Printing Services	\$8,069.98
ADP, INC	2/12/2016	468746724	Check Printing Services	\$543.61
ALEX BROWN REALTY	2/4/2016	02042016	Loan Servicing Fees - January 2016	\$1,335.07
BLOOMBERG FINANCE LP	1/25/2016	5603211132	Subscription: Bloomberg Anywhere 11/24/15-4/20/16	\$7,253.50
COMCAST	2/14/2016	021416	High-Speed Internet	\$132.18
FEDEX	2/10/2016	5-315-27992	FedEx Mailings	\$20.32
FEDEX	2/17/2016	5-322-94166	FedEx Mailings	\$27.73
HUDSON & MUMA, INC	2/23/2016	386772	Travel Insurance 2/28/16-2/28/17	\$5,285.00
IRON MOUNTAIN	1/31/2016	200868798	Storage CDs	\$621.05
IRON MOUNTAIN RECORDS MANAGEMENT	1/31/2016	MGA7596	Records Storage	\$1,359.25
NEOFUNDS BY NEOPOST	2/3/2016	020316	Postage	\$1,000.00
OFFICE DEPOT	2/2/2016	821736075001	Office Supplies	\$173.90
OFFICE DEPOT	2/16/2016	824323790001	Office Supplies	\$3.00
OFFICE DEPOT	2/16/2016	824323789001	Office Supplies	\$299.82
PLANTE & MORAN	1/31/2016	1307193	Audit Services for Year Ended 6/30/15	\$19,800.00

THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
LIST OF DISBURSEMENTS FOR BOARD APPROVAL
FOR FEBRUARY 25, 2016

PAYEE	DATE	INVOICE NO	DESCRIPTION	AMOUNT
OTHER EXPENSES:				
QUILL CORPORATION	2/1/2016	2879711	Office Supplies	\$149.89
QUILL CORPORATION	2/1/2016	3367776	Office Supplies	\$13.05
QUILL CORPORATION	2/1/2016	2952248	Office Supplies	\$14.85
RUSSELL INVESTMENTS	1/25/2016	56804	Russell Index Subscriptions	\$125.00
STAFF WAGES	2/1/2016		Staff Wages for 1/19/16 - 2/21/16	\$38,363.74
VERIZON WIRELESS	2/4/2016	9759953216	Trustee Wireless: 1/5/16-2/4/16	\$581.60
VERIZON WIRELESS	2/4/2016	9759953217	Trustee Wireless: 1/5/16-2/4/16	\$621.91
Subtotal				\$106,464.30
Total Disbursements for Board Approval				
				\$399,578.91

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CONTINUATION OF DISBURSEMENTS

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY TRUSTEE NEARY – SUPPORTED BY TRUSTEE THOMAS

RESOLVED, THAT THE CONTRIBUTIONS TO THE ANNUITY SAVINGS FUND BY
MEMBERS OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF
DETROIT, INCLUDING INTEREST, BE REFUNDED PENDING AUDIT BY RETIREMENT
SYSTEM ACCOUNTING STAFF:

LIST NUMBER 3621 - \$335,130.37

LIST NUMBER 3622 - \$596,883.86

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

1974 DEFINED CONTRIBUTION PLAN (EMPLOYEE LOAN PROGRAM)

BY TRUSTEE SZYMANSKI – SUPPORTED BY TRUSTEE NEARY

RESOLVED, THAT THE **1974** DEFINED CONTRIBUTION PLAN LOAN REQUEST
LISTS SUBMITTED THIS DATE BE APPROVED AND THE REQUESTED AMOUNTS BE
DISBURSED PENDING AUDIT BY RETIREMENT SYSTEM ACCOUNTING STAFF:

LIST #1 – \$25,962.00

LIST #2 – \$48,794.00

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CONTINUATION OF 1974 DEFINED CONTRIBUTION PLAN (EMPLOYEE LOAN PROGRAM)

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI, THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

MINUTES OF JANUARY 28, 2016

BY TRUSTEE SERDA – SUPPORTED BY TRUSTEE NEARY

RESOLVED, THAT THE MINUTES OF THE MEETING HELD **THURSDAY, JANUARY 28, 2016** BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI, THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

ASSISTANT EXECUTIVE DIRECTOR'S REPORTS

ASSISTANT EXECUTIVE DIRECTOR **DAVID CETLINSKI** ADDRESSED THE FOLLOWING MATTER:

JUNE 30, 2015 AUDIT

AN UPDATE WAS GIVEN ON VARIOUS REPORTS PERTAINING TO THE AUDIT

EXECUTIVE DIRECTOR'S REPORTS

EXECUTIVE DIRECTOR **CYNTHIA A. THOMAS** ASKED THE BOARD TO APPROVE HER REQUEST TO CHANGE THE RETIREMENT SYSTEMS' CIVIL SERVANT EMPLOYEE TITLES TO NEWLY-CREATED TITLES UTILIZED BY THE FINANCE DEPARTMENT, OFFICE OF THE CHIEF FINANCIAL OFFICER.

RETIREMENT SYSTEM CIVIL SERVANT TITLES

BY TRUSTEE NEARY – SUPPORTED BY TRUSTEE NAGLICK

WHEREAS, on February 25, 2016, the Executive Director presented a request to the Board of Trustees (the “Board”) to change the Retirement System’s civil servant employee titles to the newly-created titles utilized by the Finance Department, Office of the Chief Financial Officer, and

WHEREAS, the Retirement System is technically a division of the Finance Department of the City of Detroit, and

WHEREAS, by virtue of a 2009 ruling by Judge Giovan of the Wayne County Circuit Court, the Retirement System’s Executive Director has full authority over the employees of the System, and

WHEREAS, the change in titles will result in rate increases for non-appointed employees but will not increase the Retirement System’s administration budget, and

WHEREAS, this matter was discussed in open session, therefore be it

RESOLVED, the Board accepts the recommendation of the Executive Director and adopts the titles and rate increases as presented by the Executive Director:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

CHIEF INVESTMENT OFFICER’S REPORTS

IN CHIEF INVESTMENT OFFICER **RYAN C. BIGELOW’S** EXCUSED ABSENCE, CHIEF INVESTMENT OFFICER **MICHAEL KRUSHENA** ADDRESSED THE FOLLOWING MATTERS:

CHIEF INVESTMENT OFFICER'S REPORTS - CONTINUED

HAMILTON LANE

MR. BIGELOW IS PRESENTLY MEETING WITH HAMILTON LANE EXECUTIVES FOR DUE DILIGENCE PURPOSES. HAMILTON LANE WAS RECENTLY HIRED AS A PRIVATE EQUITY INVESTMENT MANAGER.

REAL ESTATE INVESTMENT MANAGERS

MR. BIGELOW WILL ALSO MEET WITH (FOR DUE DILIGENCE PURPOSES) REAL ESTATE INVESTMENT MANAGERS HARRISON STREET, JAMESTOWN AND EQUUS CAPITAL PARTNERS, LTD. HARRISON STREET WAS RECENTLY HIRED AS A CORE INVESTMENT MANAGER; JAMESTOWN AS A CORE PLUS INVESTMENT MANAGER; AND EQUUS CAPITAL PARTNERS, LTD. AS A VALUE-ADDED INVESTMENT MANAGER.

GUGGENHEIM PARTNERS

THE SYSTEM'S TRANSITION TO GUGGENHEIM'S GLOBAL HIGH YIELD FUND WILL OCCUR ON MARCH 1, 2016.

PUBLIC RELATIONS ADVISOR'S REPORTS

PUBLIC RELATIONS ADVISOR **BRUCE BABIARZ** IS EXCUSED FROM TODAY'S MEETING, BUT PROVIDED THE BOARD WITH – VIA A FEBRUARY 24 ,2016 EMAIL – A WRITTEN REPORT AND STATEMENT RELATING TO HONORABLE MAYOR **MIKE DUGGAN'S** STATE OF THE CITY ADDRESS.

LOBBYIST'S REPORTS

LOBBYIST **OSCAR W. KING, III** PROVIDED THE BOARD WITH A BRIEF MICHIGAN LEGISLATIVE UPDATE.

GENERAL COUNSEL'S REPORTS

GENERAL COUNSEL **RONALD A. KING** PROVIDED THE BOARD WITH A STATUS UPDATE WITH RESPECT TO THE FOLLOWING MATTERS:

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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GENERAL COUNSEL'S REPORTS - CONTINUED

STATE TREASURER VERSUS RICE

USA VERSUS BEASLEY, ET AL

PLATINUM REAL ESTATE HOLDINGS, LLC VERSUS PFRS, ET AL

FOIA REQUEST OF DONALD CAMPBELL

RECESS

THE BOARD RECESSED FROM **10:15 A.M.** UNTIL **10:25 A.M.**

THE BOARD WAS THEN ASKED TO ENTER INTO CLOSED SESSION FOR THE PURPOSE OF HEARING PERSONAL MEDICAL INFORMATION PERTAINING TO POLICE OFFICERS **TYMISHA PHEASANT** AND **CELESTE JACKSON**.

CLOSED SESSION

BY TRUSTEE SZYMANSKI – SUPPORTED BY TRUSTEE NEARY

RESOLVED, THAT THE BOARD ENTER INTO CLOSED SESSION FOR THE PURPOSE OF DISCUSSING PERSONAL MEDICAL INFORMATION PERTAINING TO POLICE OFFICERS **TYMISHA PHEASANT** AND **CELESTE JACKSON**:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI, THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CONTINUATION OF CLOSED SESSION

THE BOARD ENTERED INTO CLOSED SESSION AT **10:26 A.M.**

OPEN SESSION

BY TRUSTEE NEARY – SUPPORTED BY TRUSTEE THOMAS

RESOLVED, THAT THE BOARD RETURN TO OPEN SESSION:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

THE BOARD RETURNED TO OPEN SESSION AT **11:15 A.M.**

BANYAN REALTY ADVISORS

LOU VOGT APPEARED BEFORE THE BOARD TO DISCUSS CONFIDENTIAL MATTERS PERTAINING TO SG MORTGAGE - INFINITY PARK APARTMENTS, AND THE ATHENEUM HOTEL, SO THE BOARD WAS ASKED TO ENTER INTO CLOSED SESSION.

CLOSED SESSION

BY TRUSTEE SZYMANSKI – SUPPORTED BY TRUSTEE NEARY

RESOLVED, THAT THE BOARD ENTER INTO CLOSED SESSION FOR THE PURPOSE OF DISCUSSING CONFIDENTIAL MATTERS PERTAINING TO SG MORTGAGE- INFINITY PARK APARTMENTS AND THE ATHENEUM HOTEL:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
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CLOSED SESSION - CONTINUED

THE BOARD ENTERED INTO CLOSED SESSION AT **11:19 A.M.**

OPEN SESSION

BY TRUSTEE SZYMANSKI – SUPPORTED BY TRUSTEE NEARY

RESOLVED, THAT THE BOARD RETURN TO OPEN SESSION:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

THE BOARD RETURNED TO OPEN SESSION AT **12:05 P.M.**

ATHENEUM HOTEL CORPORATION

DETROIT, MICHIGAN

PREFERRED STOCK OWNED BY POLICE AND FIRE RETIREMENT SYSTEM

BY TRUSTEE SZYMANSKI – SUPPORTED BY TRUSTEE SERDA

WHEREAS, In February 1988, the Board agreed to credit enhance a \$13,800,000 loan issued by Sumitomo Bank for the renovation of what would become the Atheneum Hotel, and

WHEREAS, On January 30, 1992 the Police and Fire Retirement System of the City of Detroit issued its commitment to Atheneum Hotel Corporation (“AHC”) to lend AHC the sum of \$1,400,000 (the “Loan”) and invest up to \$4,233,120 in AHC via the purchase of up to 27,000 shares of preferred stock (the “Stock”) of AHC, and

WHEREAS, From February 3, 1992 to December 17, 1992, the Retirement System had purchased 26,864 shares of the Stock; the Stock is entitled to a cumulative preferred dividend of 12% per year, and

WHEREAS, In connection with the closing on the Loan and Stock Purchase on February 3, 1992 pursuant to the Commitment, the common shareholders, Ted Gatzaros,

ATHENEUM HOTEL CORPORATION

DETROIT, MICHIGAN

PREFERRED STOCK OWNED BY POLICE AND FIRE RETIREMENT SYSTEM -
CONTINUED

Maria Gatzaros, Dimitrios Papas and Viola Papas (the “Common Shareholders”) executed and delivered to the Retirement System a Security and Pledge Agreement (the “Stock Pledge”) whereby the Common Shareholders pledged all of their common stock to the Retirement System as security for the performance of AHC’s obligations to the Retirement System under the Commitment, including the obligation to pay the cumulative preferred dividend of 12% per year on the Stock until the date that the Loan was repaid, and

WHEREAS, On December 17, 1992, the Retirement System issued another Loan and Stock Purchase Commitment to AHC. This second commitment called for an additional loan of \$674,998 and an additional Stock purchase of \$925,002 [i.e., an additional 5,900 shares of Stock], and

WHEREAS, In February, 1999, the Board approved the further credit enhancement of two loans issued by Standard Federal in the total amount \$16,400,000 the proceeds from which were uses to repay Sumitomo Bank and loans previously provided by the Board, and

WHEREAS, In 2006, the Borrower secured a loan from Comerica Bank in the amount of \$16,500,000 which repaid Standard Federal thus cancelling the credit enhancement of the Board leaving only the preferred stock investment which earned a cumulative preferred dividend of 12% albeit due to insufficient cash flow from operations and financial covenants had precluded payment of dividends leaving approximately \$14,244,000 due at year end 2015, and

WHEREAS, In December, 2015, AHC common shareholder Jim Papas (Ted Gatzaros deceased) notified the Board of an interest in acquiring the preferred stock held by the Board, and the Board is in receipt of a letter from its advisor Banyan Realty Advisors dated February 25, 2016 discussing the request of the common shareholder, and

WHEREAS, The February 25, 2016 correspondence was discussed in Closed Session with the Board, therefore be it

RESOLVED, That the Board has reviewed Banyan’s letter and the terms set forth therein directs Banyan Realty Advisors to proceed consistent with its February 25, 2016

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ATHENEUM HOTEL CORPORATION

DETROIT, MICHIGAN

PREFERRED STOCK OWNED BY POLICE AND FIRE RETIREMENT SYSTEM -
CONTINUED

correspondence except as otherwise directed in accordance with the Board's discussions,
and be it further

RESOLVED, That a copy of this resolution be forwarded to Atheneum Hotel Corporation, Attention: Jim Papas, 1216 Beaubien, Detroit, Michigan 48221; the Board's Real Estate Advisor, Banyan Realty Advisors, 501 N. Magnolia Ave., Orlando, Florida 32801; and the Board's General Counsel:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI,
THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

SG MORTGAGE FUND, LLC

REQUEST FOR APPROVAL OF FORBEARANCE AGREEMENT AND DISPOSITION OF
PROPERTY TUSCAN PARK APARTMENTS (NKA "INFINITY PARK"), DETROIT,
MICHIGAN

BY TRUSTEE NEARY – SUPPORTED BY TRUSTEE THOMAS

WHEREAS, On June 26, 2008 the Board approved a loan commitment of \$20,000,000 to SG Mortgage Funds, LLC to provide acquisition funding of apartment communities subject to a number of requirements more fully described in that certain Loan Commitment dated June 26, 2008 which was subsequently amended August 28, 2008 ("Amended Loan Commitment"), and

WHEREAS, The commitment was further amended on September 18, 2008 to lower the pay rate from 11% to 8%, allow for funding of first mortgage loans and to allow refunding of amounts repaid under the maximum commitment of \$20,000,000, and

WHEREAS, In July 2010, the Board approved an advance pursuant to the Amended Loan Commitment to SG Tuscan Park, LLC of up to \$7,200,000 (final loan of \$6,880,800) subject to an appraisal of no less than \$9,000,000 along with other terms and conditions

SG MORTGAGE FUND, LLC

REQUEST FOR APPROVAL OF FORBEARANCE AGREEMENT AND DISPOSITION OF PROPERTY TUSCAN PARK APARTMENTS (NKA "INFINITY PARK"), DETROIT, MICHIGAN - CONTINUED

consistent with the Amended Loan Commitment to acquire a 482 unit apartment community located in Detroit at northeast quadrant of Telegraph Road and I-96 which provided for \$3,300,000 in purchase price, \$2,645,000 in construction rehabilitation and approximately \$1,255,000 for operating reserves, and

WHEREAS, The Borrower has failed to make scheduled debt service payments and has advised the Board that it desires to enter into a forbearance agreement while they list the property and seek liquidation of the Board's loan. Board has reviewed the request from the Borrower and the review submitted by the Board's advisor Banyan Realty Advisors who recommends the Board approve the requested action plan, therefore be it

RESOLVED, The Board approves the Borrower's request to enter into a forbearance agreement subject to the following:

1. Borrower execute forbearance agreement providing for a tolling of monthly debt service payments expiring June 30, 2016 prepared by Board Counsel
2. Borrower to suspend collection of any asset management fee from January to June 30, 2016
3. All excess cash to be first applied to unpaid 2015 real estate taxes which guarantors Derron Sanders and Josh Griggs remain personally liable under the loan documents
4. Borrower to enter into a listing agreement to market the property with a nationally recognized broker approved by the Board's advisor
5. All other terms and conditions of the loan to be consistent with the loan, and be it further

RESOLVED, That the Board's General Counsel, Ronald King, is hereby requested to prepare the necessary documents, and be it further

RESOLVED, That all documents be approved as to form by the Board's General

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SG MORTGAGE FUND, LLC

REQUEST FOR APPROVAL OF FORBEARANCE AGREEMENT AND DISPOSITION OF PROPERTY TUSCAN PARK APARTMENTS (NKA "INFINITY PARK"), DETROIT, MICHIGAN - CONTINUED

Counsel and Chief Investment Officer prior to said documents being executed by two authorized signatories on behalf of the Board, and be it further

RESOLVED, That a copy of this resolution be forwarded to the Borrower, SG Tuscan Park, LLC, 17255 West 10 Mile Road, Southfield Michigan 48075; Lou Vogt of, Banyan Realty Advisors, 501 N. Magnolia Avenue, Orlando, Florida 32801; and the Board's General Counsel:

YEAS – TRUSTEES JAMES, NAGLICK, NEARY, ROBERSON, SERDA, SZYMANSKI, THOMAS AND CHAIRPERSON PEGG – 8

NAYS – NONE

PFRS/GRS JOINT FOUNDATION ESTABLISHMENT SUB-COMMITTEE

CHAIRPERSON **PEGG** INFORMED THE BOARD THAT ON TUESDAY, FEBRUARY 23, 2016, POLICE AND FIRE'S FOUNDATION ESTABLISHEMENT SUB-COMMITTEE ATTENDED A GENERAL VEBA MEETING AND ASKED FOR THEIR SUPPORT IN ESTABLISHING A FOUNDATION TO COLLECT FUNDS TO ASSIST WITH RETIREE HEALTH CARE; NOTING THAT POLICE AND FIRE'S SUB-COMMITTEE APPROVED MOVING FORWARD WITH ESTABLISHING AND SUPPORTING SAID FOUNDATION; BUT GENERAL'S VEBA TOOK NO ACTION.

PUBLIC FORUM

AT **12:06 P.M., CHAIRPERSON PEGG** DECLARED THE MEETING IN OPEN FORUM FOR GENERAL DISCUSSION BY THE PUBLIC ATTENDING THE MEETING.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, **CHAIRPERSON PEGG** ADJOURNED THE MEETING AT **12:06 P.M.** UNTIL **THURSDAY, MARCH 10, 2016**, AT **9:00 A.M.**, IN THE CONFERENCE ROOM OF THE RETIREMENT

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
MEETING NUMBER 3080 – THURSDAY – FEBRUARY 25, 2016

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ADJOURNMENT - CONTINUED

SYSTEMS, ONE DETROIT CENTER, 500 WOODWARD AVENUE, 30TH FLOOR (SUITE 3000), DETROIT, MICHIGAN 48226.

RESPECTFULLY SUBMITTED,



DAVID CETLINSKI
ASSISTANT EXECUTIVE DIRECTOR